



ҚазМұнайГаз
NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

NC KMG

Operational and financial results 1Q 2018



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Forward-looking statements

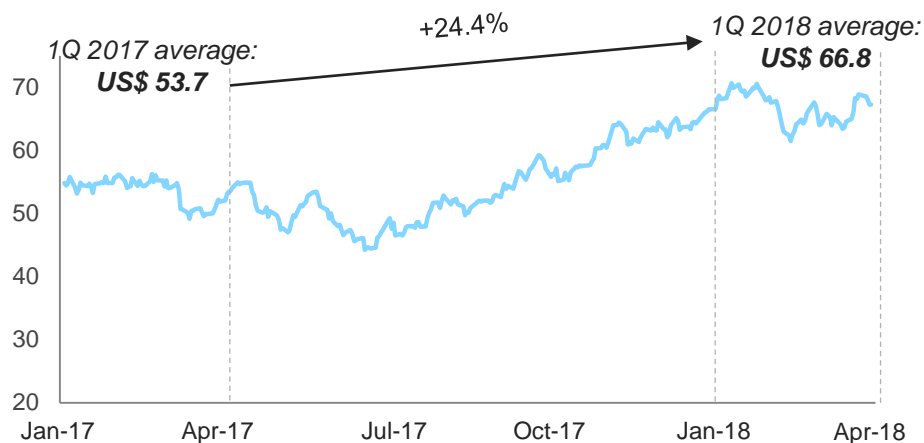
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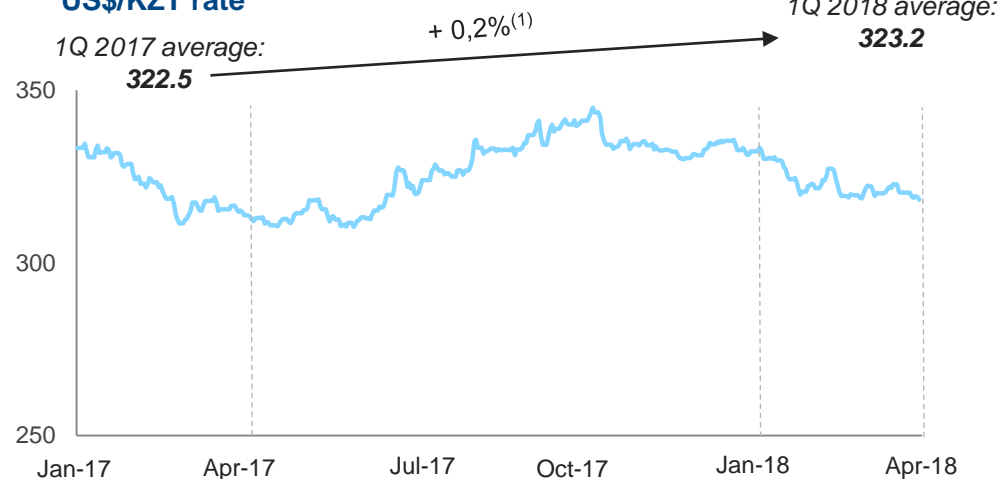
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Macroeconomic environment

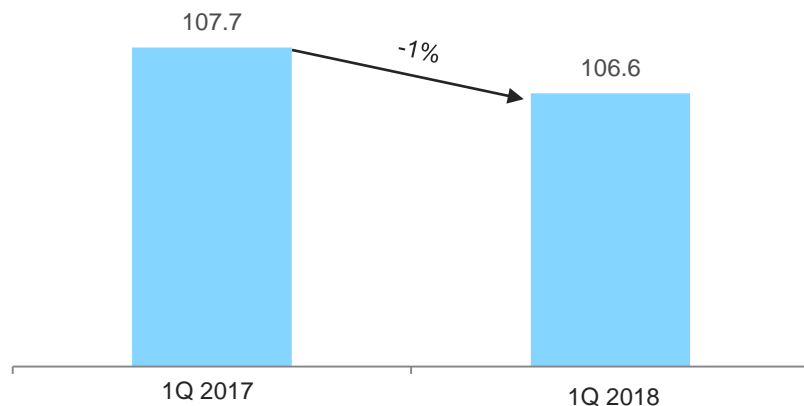
Brent price (US\$/bbl)



US\$/KZT rate



Inflation(%)



Credit rating

| Moody's | S&P | Fitch |
|-------------|------------|-------------|
| Baa3 | BBB- | BBB- |
| Ba1 | BB+ | BB+ |
| Ba2 | BB | BB |
| Ba3 | BB- | BB- |

(1) Or 0.2% depreciation of KZT vs US\$.
Source: Company data

1Q 2018 key developments

Operational

- In 1Q 2018 Kashagan's oil production significantly increased to 2,866 kt of oil (252 kbopd, average for 1Q 2018) or +79% YoY (KMG share - 237 kt). The growth was due to commissioning of a crude gas reinjection system at the end of August 2017, commissioning of an offshore and onshore technological equipment and maintaining measures for oil production stabilisation.
- Construction works for modernisation at Atyrau refinery completed in 2017. Upon completion of testing and commissioning works, the full operational activity is expected to be achieved in 1H2018.
- Pavlodar and Shymkent refineries switched to K4, K5 fuel standards from January 2018, increased light products volume and increased the value of the basket.

Corporate

- KMG EP delisting occurred from 10 May 2018. Now KMG owns 99.6% of KMG EP's common equity.
- In April 2018, Mr. Alik Aidarbayev became a member of NC KMG Board of Directors. Being the deputy Chairman of the Management Board of Samruk-Kazyna he represents the main shareholder of NC KMG.

Financial

- In accordance with an amendment of oil supply agreement signed in December 2017, KMG Group received an additional two tranches of prepayments in January and April 2018 in the amount of US\$ 250 mln each.
- In April 2018, KMG received dividends from TCO in the amount of US\$ 102 mln.
- In April-May 2018, KMG completed liability management exercise for full redemption of 4 Series of Eurobonds due in 2020, 2021, 2025 and 2043 for total nominal amount of US\$3.1 bln which has been financed via issue of Eurobonds for the amount of US\$ 3.25 bln in three series, comprising (i) US\$ 500 mln 4.750% Notes due 2025; (ii) US\$ 1,250 mln 5.375% Notes due 2030; and (iii) US\$ 1,500 mln 6.375% Notes due 2048. As a result of the transaction there has been improved debt repayment schedule and KMG covenant package.

Summary operating and financial highlights, 1Q 2018

| | Item | Unit | 1Q 2018 | 1Q 2017 | % change |
|----------------------|--------------------------------|------------------------|----------------------|---------|----------|
| Upstream | Oil and condensate production | kt | 5,862 | 5,761 | +1.7% |
| | Gas production | mcm | 2,076 ⁽⁹⁾ | 2,030 | +2.2% |
| Midstream | Oil transportation | kt | 18,424 | 17,815 | +6.0% |
| | Pipelines ⁽⁸⁾ | kt | 16,711 | 16,315 | +2.4% |
| | Sea transport | kt | 1,713 | 1,500 | +14.2% |
| | Gas transportation | mcm | 26,837 | 25,608 | +4.8% |
| | Refining volume ⁽⁶⁾ | kt | 4,846 | 4,295 | +12.8% |
| Downstream | Revenue | KZTbln | 784 | 592 | +32.4% |
| | | US\$mIn ⁽⁴⁾ | 2,425 | 1,835 | +32.1% |
| Financial highlights | EBITDA ⁽¹⁾⁽²⁾ | KZTbln | 402 | 265 | +51.7% |
| | | US\$mIn ⁽⁴⁾ | 1,246 | 823 | +51.7% |
| | Net profit | KZTbln | 204 | 103 | +98.2% |
| | | US\$mIn ⁽⁴⁾ | 632 | 319 | +97.8% |
| | Capex ⁽³⁾ | KZTbln | 82 | 145 | -43.7% |
| | | US\$mIn ⁽⁴⁾ | 253 | 450 | -43.8% |
| | FCF ⁽¹⁰⁾ | KZTbln | 61 | 74 | -18.3% |
| | | US\$mIn | 188 | 231 | -18.6% |
| | Net debt ⁽¹⁾⁽⁷⁾ | KZTbln | 1,913 | 1,344 | +43.0% |
| | | US\$mIn ⁽⁵⁾ | 6,008 | 4,045 | +48.9% |

(1) Calculated with relevant adjustments made for the assets classified as for sale.

(2) Prior-year figures have been recalculated to reflect the application of revised EBITDA calculation approach. Starting from 1Q 2018, the Company calculates EBITDA for any relevant period as revenue + finance income – cost of sales – general and administrative expenses – transportation and selling expenses + depreciation, depletion, amortisation + profit in share of joint ventures and associates such period. (Previous methodology: PBT+finance cost+DD&A+impairment for long-lived assets)

(3) Capital expenditure as reported in segmental reporting disclosure to the financial statements.

(4) Converted from KZT to US\$ at the following average exchange rates (NBRK): for 1Q 2018 – 323.15, for 1Q 2017 – 322.52.

(5) Converted from KZT to US\$ at the following period-end exchange rates (KASE): for 1Q 2018 – 318.31, for 2017 – 1Q 332.33.

(6) The total volume includes KMG operating net volumes of Kazakh refineries (Atyrau refinery – 100%, Pavlodar refinery – 100%, Shymkent refinery (PKOP) – 50%, Caspi Bitum – 50%) and KMG I (Petrokimia – 100% + Vega – 100%).

(7) Net debt is shown as at 31-Mar-2018 and 31-Dec-2017.

(8) The volume includes KTO (100%) + MT (51%) + KCP (50%) + CPC (20.75%). Consolidated crude oil transportation volume takes into account crude oil transportation volume of each individual pipeline company multiplied by KMG operating share. Please note that some volumes can be transported by two or three pipeline companies and these volumes are counted more than once in the consolidated crude oil transportation volume.

(9) Gas production includes the volumes of reinjected gas.

(10) The Company calculates FCF for any relevant period as CFO – capex + dividends received from joint ventures and associates (cash basis)

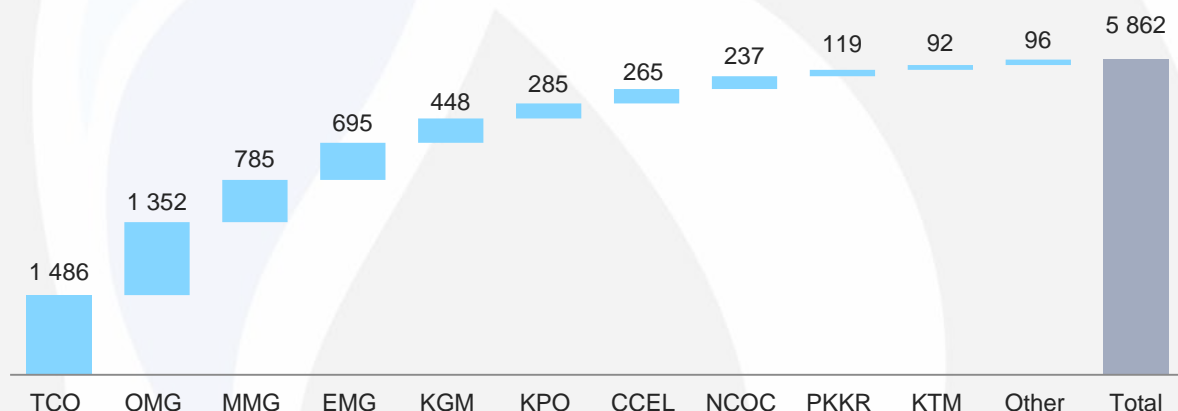
Source: Company data.



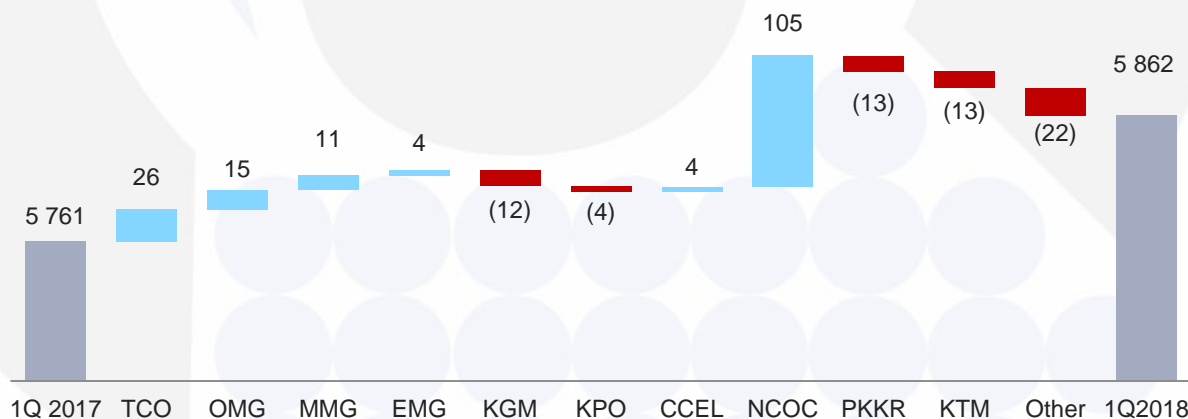
Key operating results: upstream (1/2)

Oil and gas condensate

Structure of oil and condensate production, 1Q 2018, (kt)



Changes in oil and condensate production, 1Q 2018 vs 1Q 2017, (kt)

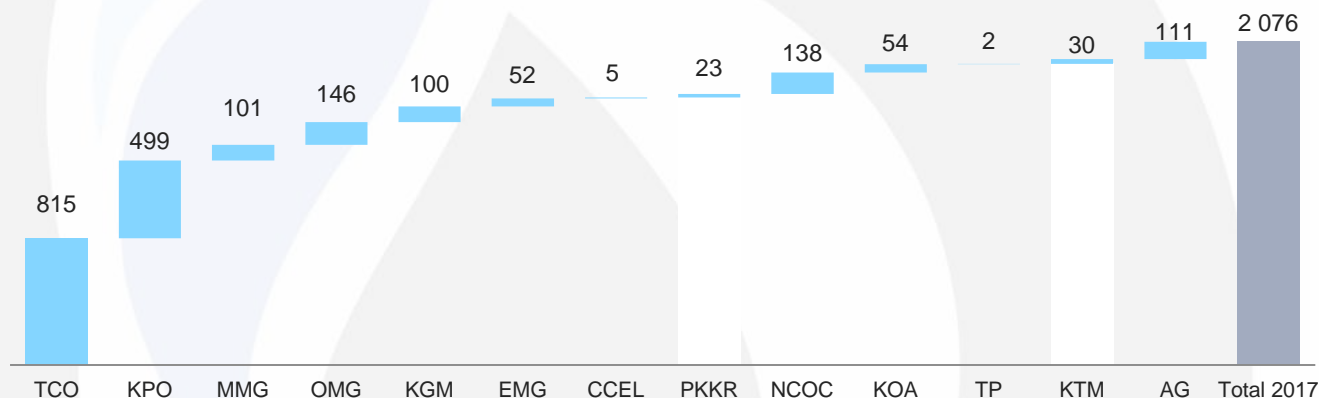


- Increase in production of non-operating assets compensates natural decline at mature fields.
- Consolidated crude oil and gas condensate production volume includes proportionate share of KMG in the respective production associate companies and JVs.
- In 1Q 2018 total oil and condensate production of KMG reached 5.9 mt, which is +2% YoY.
- NCOC's production growth by 79% YoY was the main driver of 1Q 2018 total production increase. Average quarter production at the field is 252 kbopd.
- TCO slightly increased oil production by 26 kt (net to KMG) or +2% YoY.

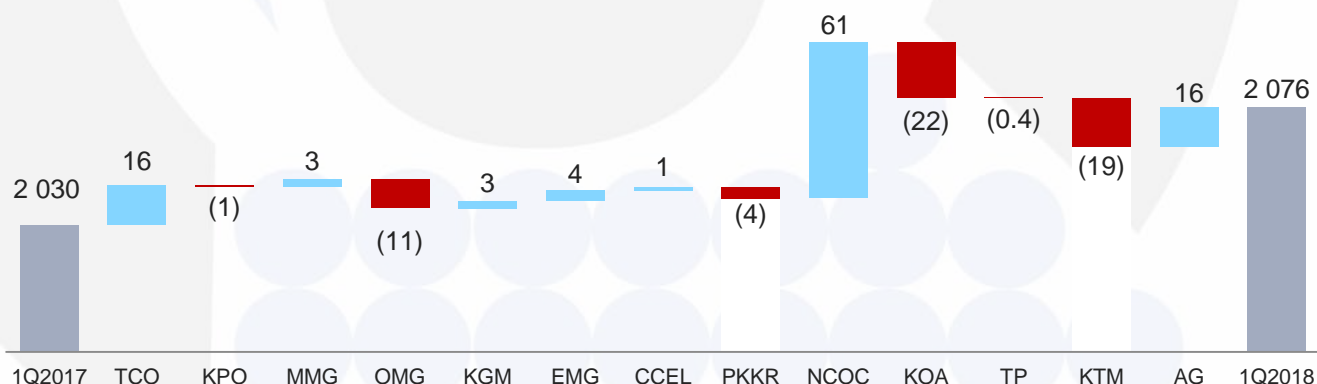
Key operating results: upstream (2/2)

Natural and associated gas

Structure of gas production, 1Q 2018, (mcm)



Changes in gas production, 1Q 2018 vs 1Q 2017, (mcm)

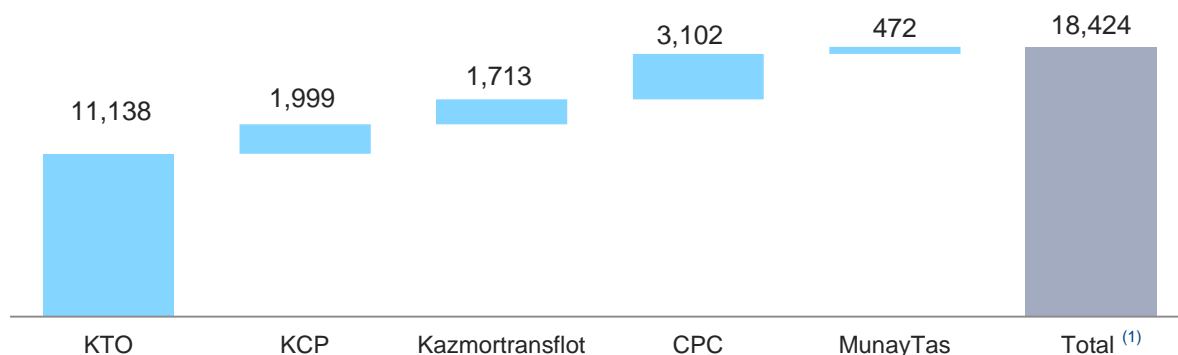


- Consolidated gas production volume includes proportionate share of KMG in the respective production of associate companies and JVs.
- Total production of natural and associated gas was 2,076 mcm or 2% higher YoY.
- Significant share of gas is re-injected into reservoirs to stimulate crude oil output rather than being sold.
- KMG buys and sells natural gas to meet demand in different regions of Kazakhstan and for export.
- NCOC's gas production growth by 79% YoY was due to corresponding increase in oil production.
- Reduction in KOA by 22 mcm (net to KMG) or -29% YoY was due to the delay in commissioning of the gas processing plant.

Key operating results: midstream (1/3)

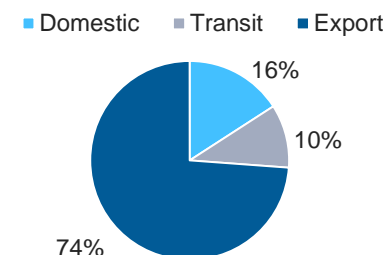
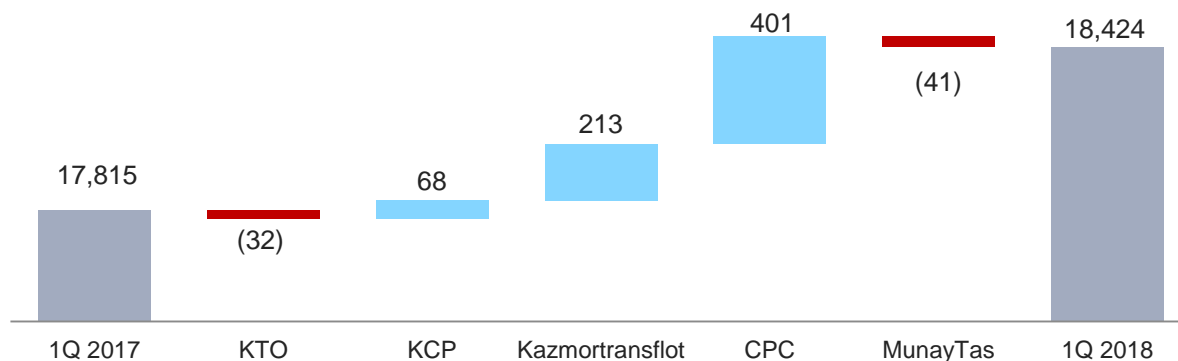
Transportation of crude oil

Structure of oil transportation, 1Q 2018, (kt)



- Total volume of oil transportation reached 18.4 mt, posting +3% YoY growth (includes net share of KMG in JVs).
- Increase of transportation volumes at CPC, KCP by 15% (401 kt) and 3% (68kt) respectively was due to increased of oil delivery by shippers to the systems, as well as an increase in oil production at Kashagan
- Decline of transportation volume at Munay Tas by 8% occurred as a result of reduction in production volumes in Aktobe region of Kazakhstan and increase of domestic deliveries rather than export.

Changes in oil transportation, 1Q 2018 vs 1Q 2017, (kt)

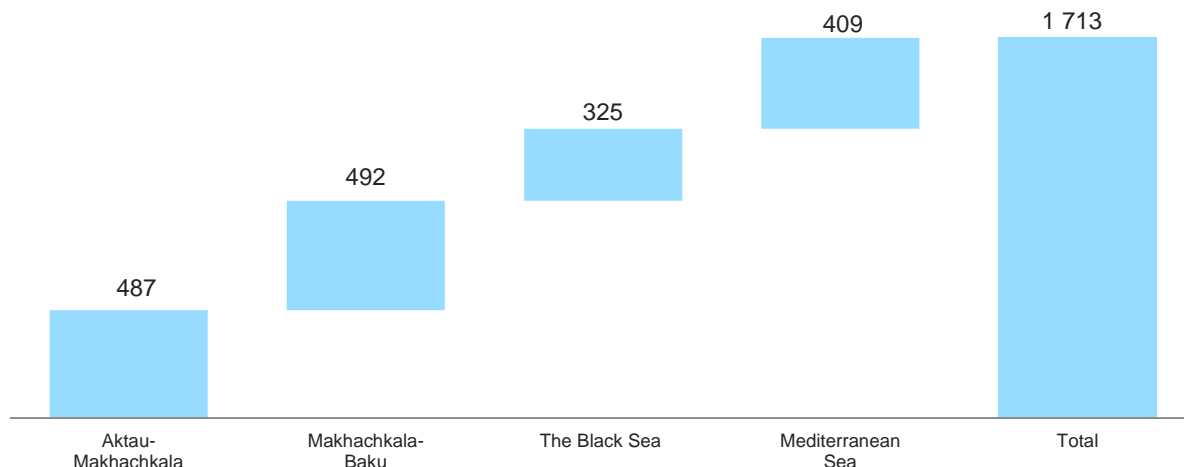


(1) Consolidated crude oil transportation volume takes into account crude oil transportation volume of each individual pipeline company multiplied by KMG operating share. Please note that some volumes can be transported by two or three pipeline companies and these volumes are counted more than once in the consolidated crude oil transportation volume.

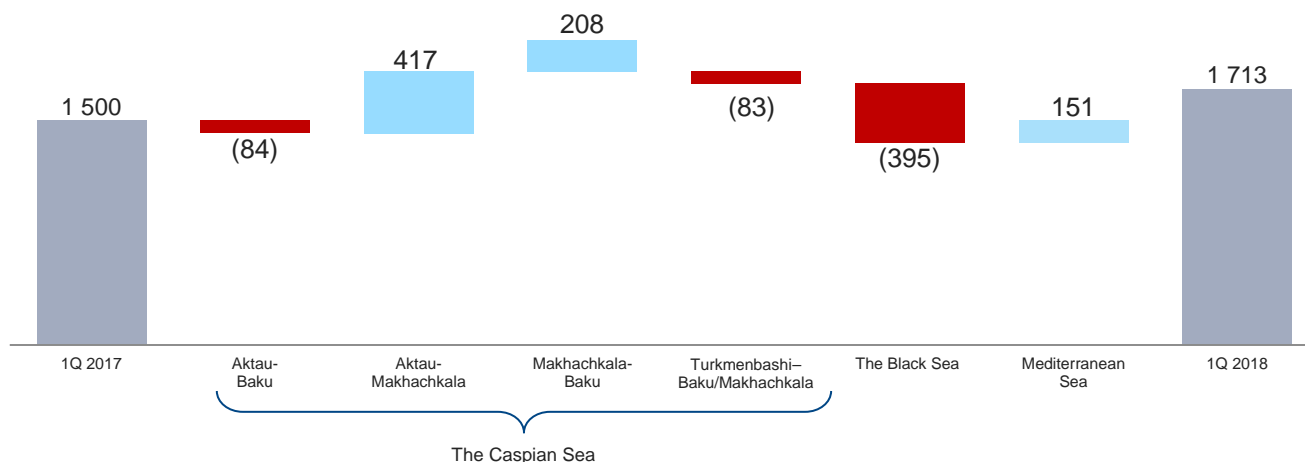
Key operating results: midstream (2/3)

Marine transportation of crude oil

Structure of oil transportation, marine fleet, 1Q 2018, (kt)



Changes in oil transportation, marine fleet, 1Q 2018 vs 1Q 2017, (kt)

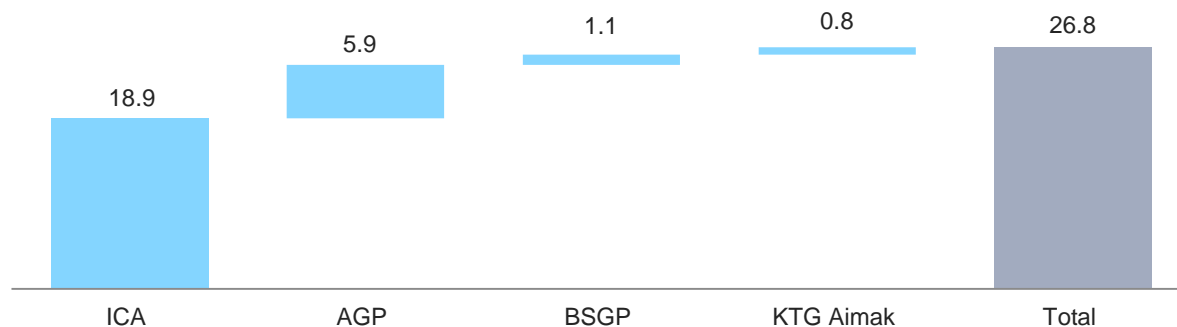


- Total volume of oil transportation by marine fleet (net to KMG) amounted to 1.7 mt or +14% YoY.
- The Black Sea accounted for 19% of the total volume, the Mediterranean Sea - 24%, the Caspian Sea - 57%.
- Increase of 458 kt or +88% YoY in the volumes of oil transported via the Caspian Sea was due to tightening regulations of sulphur content in crude oil for oil enters to the Transneft pipeline system from destination of Aktau-Makhachkala in 1Q2017. In addition, the increase was due to the reorientation of tankers from the Turkmenbashi-Baku-Makhachkala to Makhachkala-Baku destinations.
- Decline of 395 kt in transportation volumes via the Black Sea was due to decrease of Kazakhstan oil purchased by Petromidia.

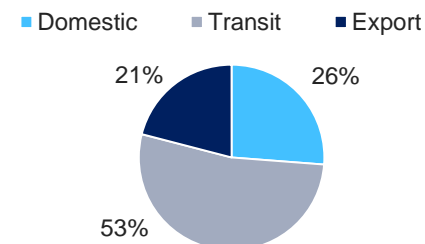
Key operating results: midstream (3/3)

Transportation of gas

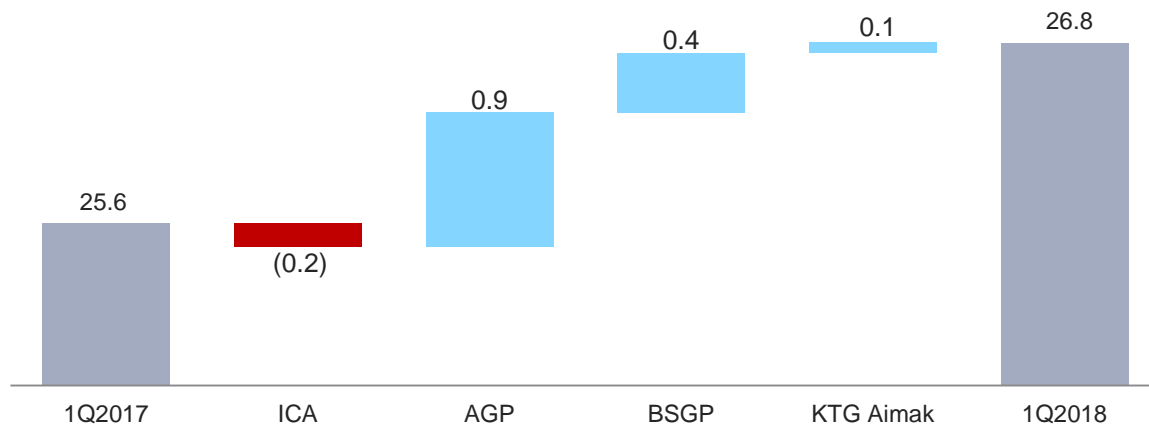
Structure of gas transportation, 1Q 2018, (bcm)



- Volume of gas transportation (net to KMG) amounted to 26.8 bcm vs 25.6 bcm in 1Q 2017.
- The main growth contributor was AGP (+0.9 bcm, +18% YoY). The growth was due to increasing gas transit by of the Central Asian gas to China and started export of Kazakhstan gas to China (from October 2017).



Changes in gas transportation, 1Q 2018 vs 1Q 2017, (bcm)

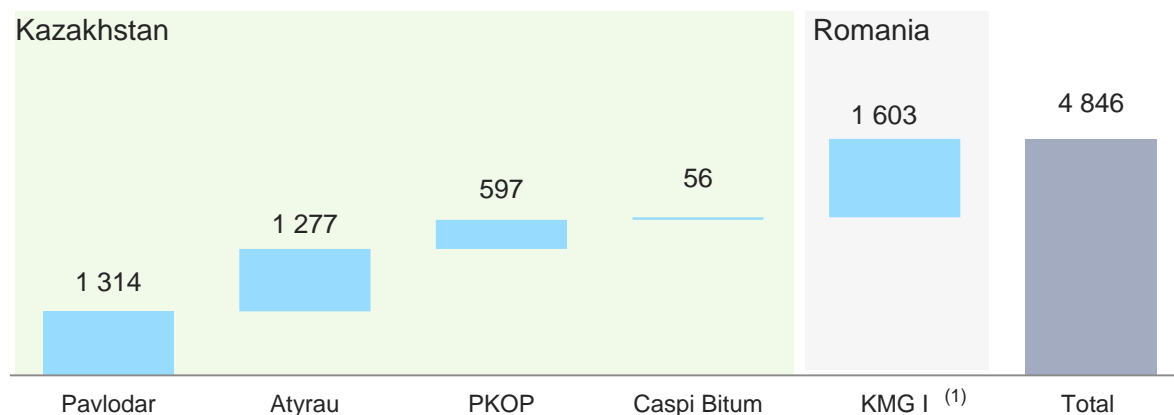


- International transit declined by 6% to 14.2 bcm as a result of decreasing gas flows by Gazprom (through ICA) due to changes of Russian gas flows and decrease in supply of Uzbek gas.
- Domestic transportation increased by 9% to 7 bcm as the result of growth in demand for supplies to the southern regions.
- Export expanded by 40% to 5.6 bcm) largely due to increase of export volumes to China and exports of Kazakhstan gas to China (started from October 2017) by AGP and BSGP pipelines

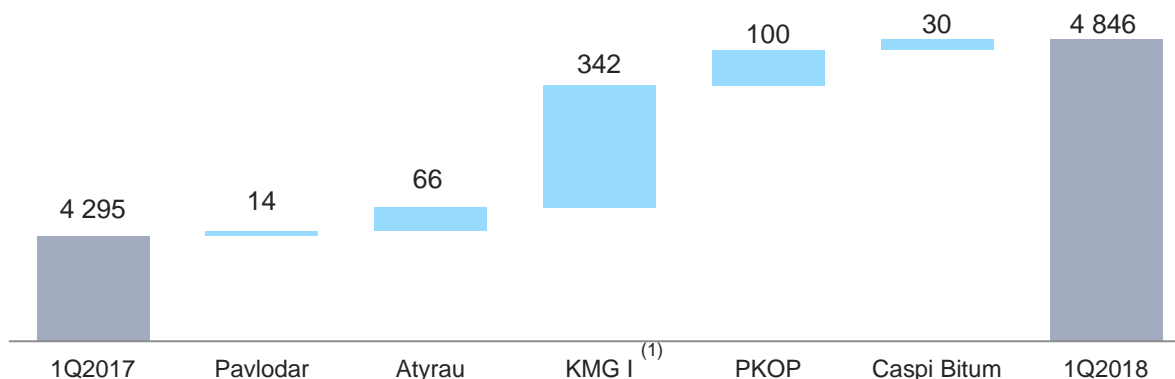
Key operating results: downstream

Refining volumes

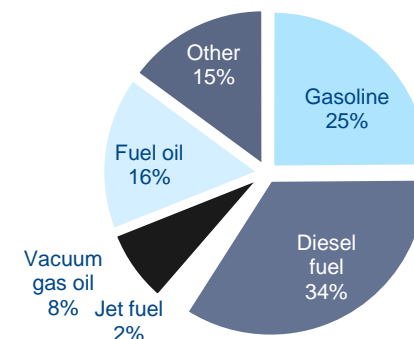
Structure of hydrocarbon refining volumes, 1Q 2018, (kt)



Changes in hydrocarbon refining, 1Q 2018 vs 1Q 2017, (kt)

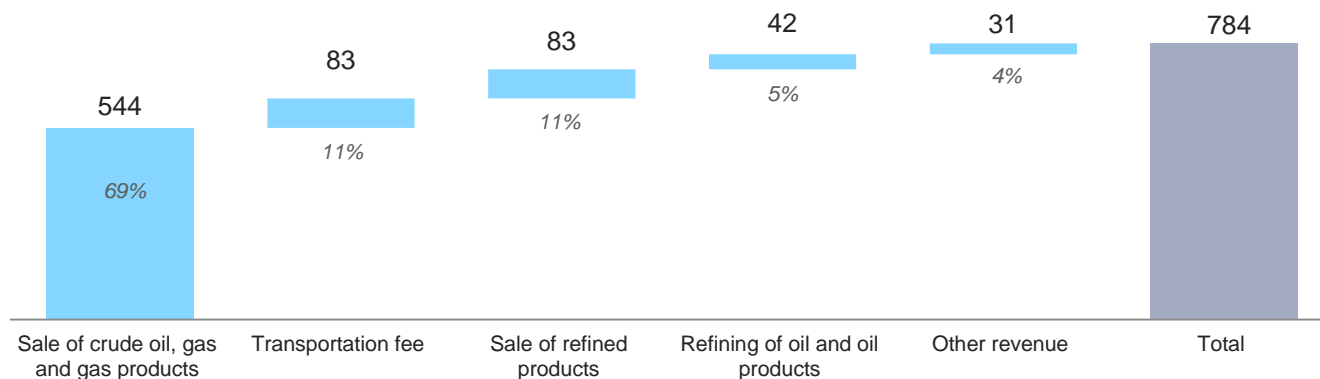


- Refining volumes (net to KMG) amounted to 4.8 mt, including KMG I (Petromidia+Vega), +13% YoY.
- Contributions by assets: Pavlodar refinery (28%), Atyrau refinery (27%), KMG I (30%), PKOP (13%) and Caspi Bitum (1%).
- Growth in refining volumes at Atyrau, Pavlodar, PKOP and CaspiBitum is in line with increased oil supplies from oil suppliers.
- KMG International's increase came from adverse weather conditions and unplanned stop of the Reforming installation in 1Q 2017.
- Gasoline and diesel fuel amounted to 59% in the refining products structure of KMG refineries.

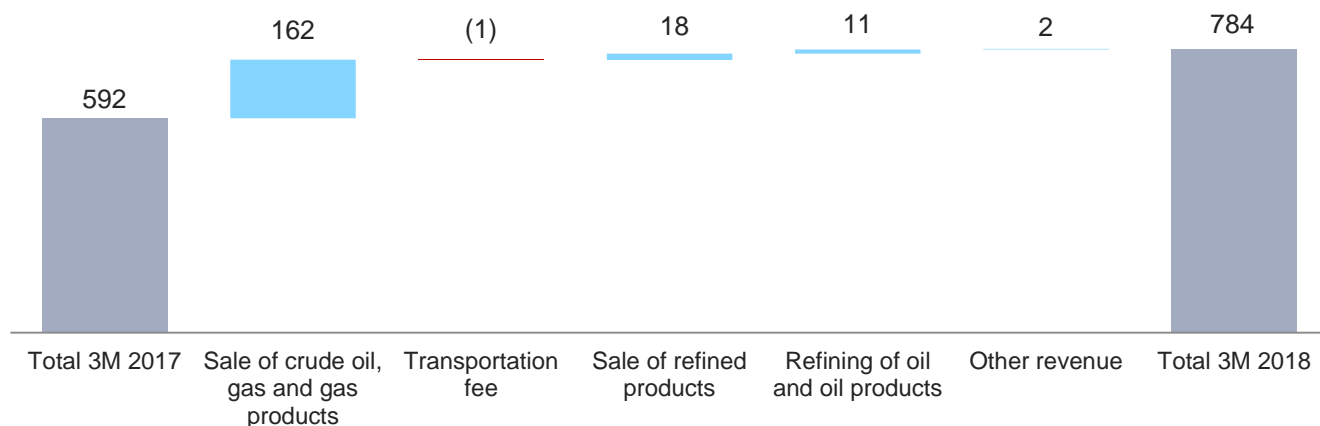


Key financial results: revenue

Composition of revenue in 1Q 2018, (KZT bln)



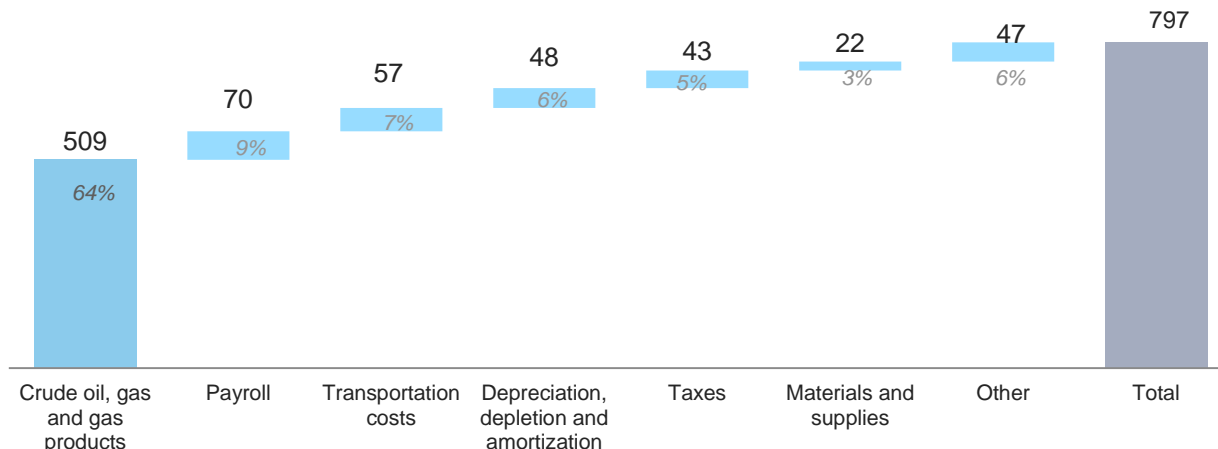
Dynamics of revenue (KZT bln)



- Total sales volume of oil and gas condensate was 5,835 kt. Export sales accounted for about 72%, domestic - 28%.
- Total sales volume of gas was 7,082 mcm. Domestic sales accounted 74%, export – 26%.
- A 32% YoY increase in revenue is primarily driven by:
 - KZT 98 bln growth in sales of crude oil and LPG under TCO Advance Oil Sale Transaction or 35% YoY¹.
 - Higher oil prices in 1Q 2018 compared to 1Q 2017 (average Brent price was up 24.4% YoY to US\$ 66.8/bbl).
 - Sale of gas and gas products went up 31% YoY by KZT 62 bln. Both export and domestic sales increased.

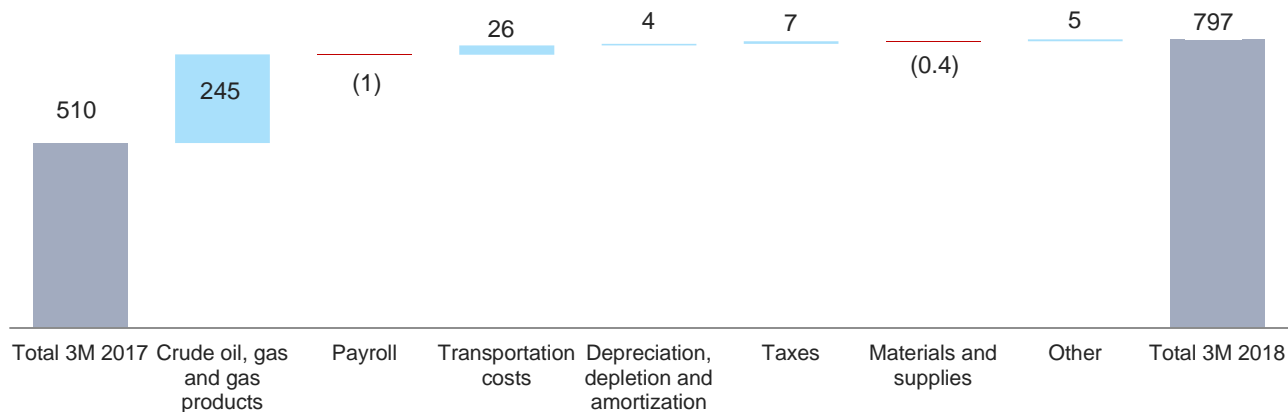
Key financial results: cost of sales

Composition of cost of sales in 1Q 2018 (KZT bln)



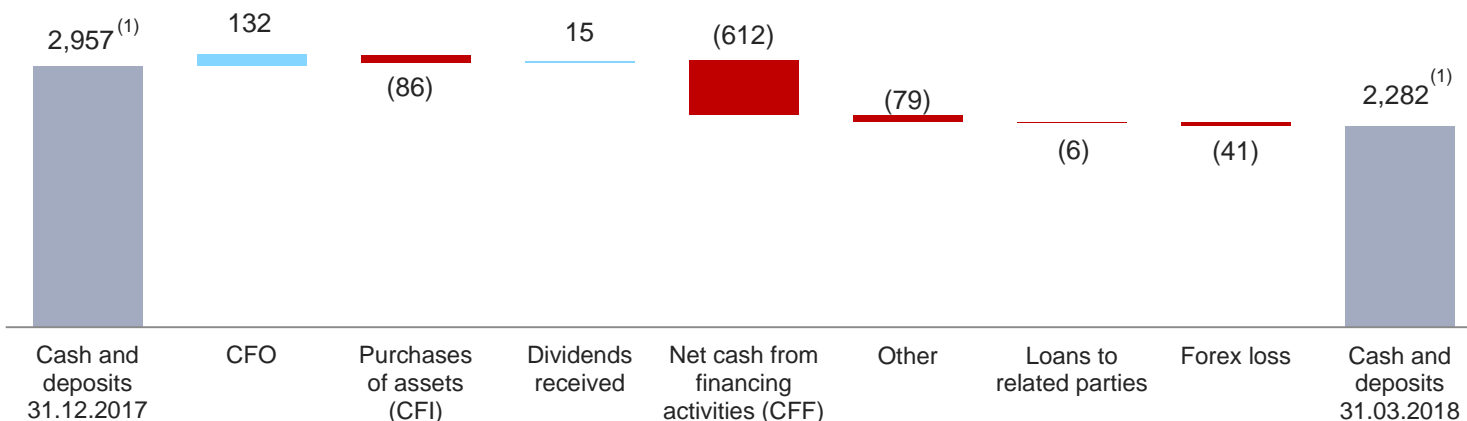
- Growth in cost of crude oil, gas and gas products by KZT 245 bln is explained by:
 - purchases of oil under TCO forward sale contract.
 - increase in purchased gas volumes for further export sales to China (export sales started from October 2017).
 - change of intragroup transactions within KMG.
- Transportation costs were up by KZT 26 bln or +83% YoY due to increase in transportation volumes via Beineu Shymkent gas pipeline for domestic and export sales.

Dynamics of cost of sales (KZT bln)

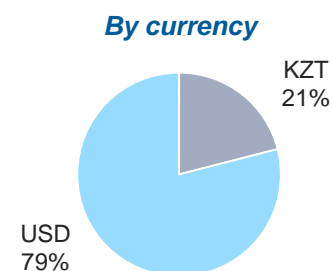


Cash & deposits

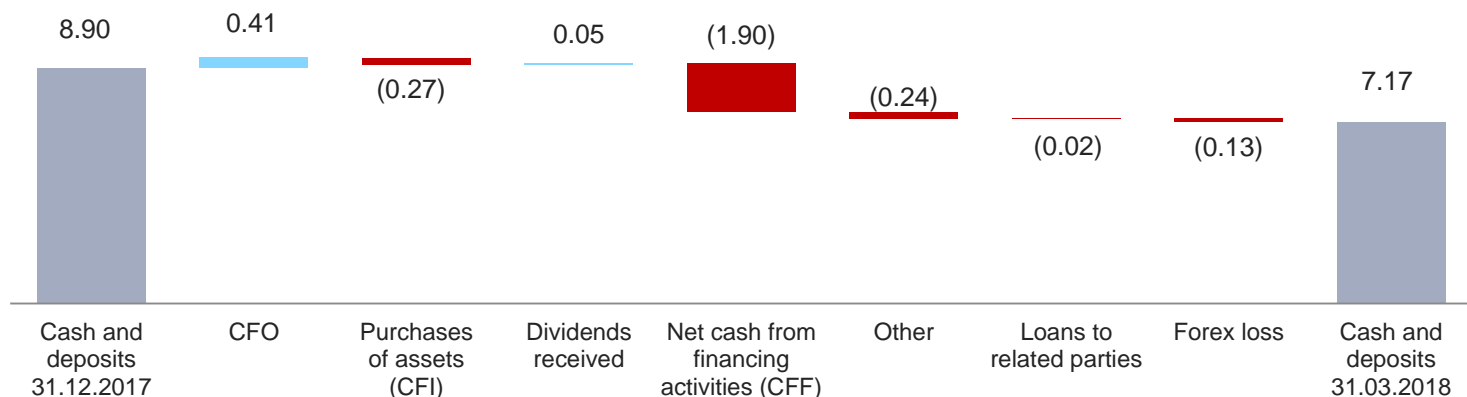
Changes in cash and deposits over 1Q 2018⁽¹⁾ (KZT bln)



Cash and deposits as at 31-Mar-2018



Changes in cash and deposits over 1Q 2018⁽¹⁾ (US\$ bln)

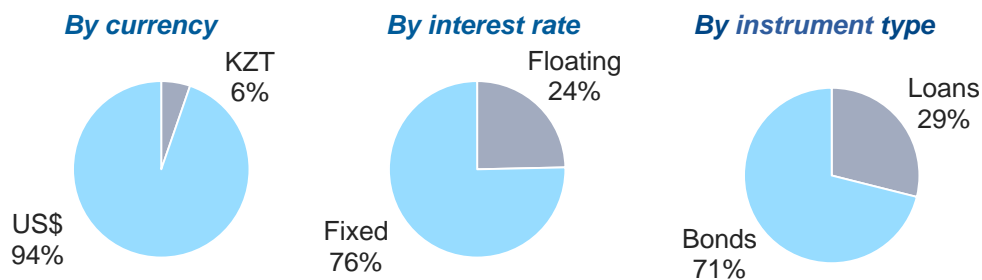


- Free cash flow amounted to KZT 60.8 bln (US\$ 188 mln).
- Financing cash flows was negative due to KMG EP share buyback.

Debt overview

Debt position

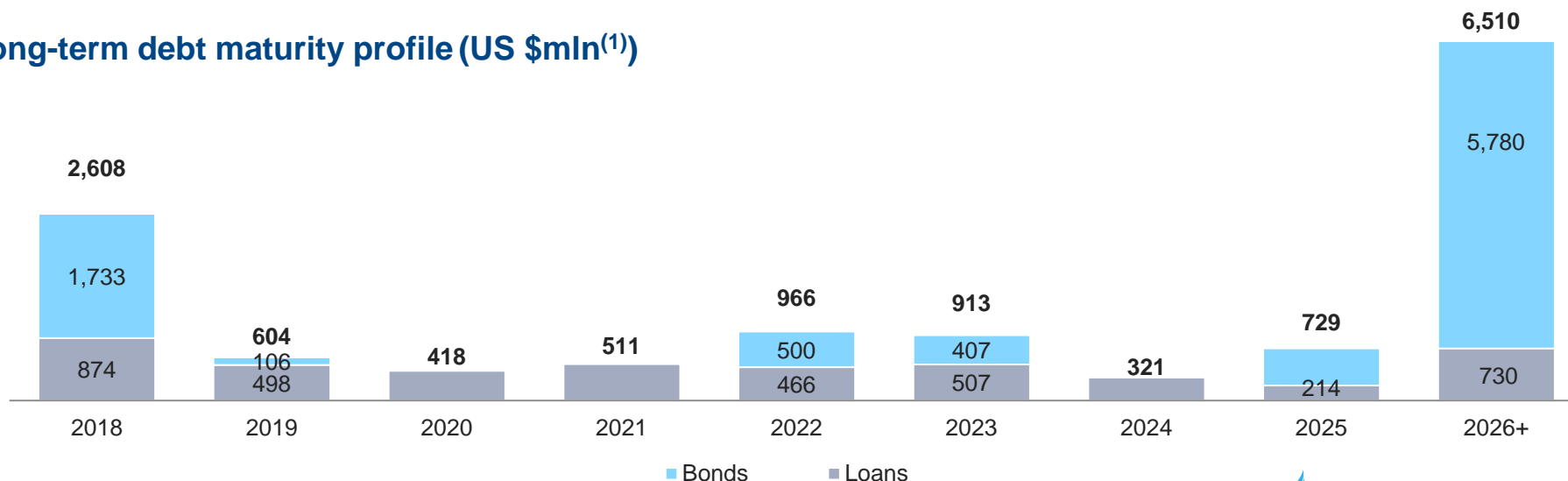
- Total debt as at 31-Mar-2018 is KZT 4,194 bln or US\$ 13.2 bln.



Highlights

- Debt repayment schedule skewed more to 10-30 years maturities as a result of liability management exercise
- KMG is fully prefunded for the \$1.6bln Eurobond repayment due in July 2018

Long-term debt maturity profile (US \$mln⁽¹⁾)



(1) Converted from KZT to US\$ at the exchange rate of 318.31 (as at 31 March 2018)

Source: Company data

Leverage dynamics

| Item | Unit | YE2014 | YE2015 | YE2016 | YE2017 | 1Q2018 |
|---|----------|---------------|---------------|--------------|---------------|---------------------|
| Gross debt | US\$ mln | 17,018 | 10,197 | 9,825 | 12,943 | 13,177 |
| Cash and deposits | US\$ mln | 8,878 | 5,309 | 6,433 | 8,908 | 7,169 |
| Net debt | US\$ mln | 8,141 | 4,888 | 3,392 | 4,036 | 6,008 |
| Guaranteed obligations ⁽¹⁾ | US\$ mln | 545 | 566 | 718 | 352 | 279 |
| Net Debt, including guaranteed obligations | US\$ mln | 8,686 | 5,454 | 4,110 | 4,338 | 6,287 |
| Net Debt/EBITDA ⁽²⁾ | x | 3.18x | 2.75x | 1.66x | 1.59x | 2.2x ⁽³⁾ |

- Growth of gross debt was due to debt drawdowns under existing credit facilities to finance modernization of refineries and gasification of regions.
- Net debt increased as a results of utilisation of cash to complete buyback of KMG EP's share.

(1) Beineu-Shymkent Gas Pipeline LLP (50% owned by KMG) and others.

(2) In accordance with Bond definition for covenant testing. Tested on a semiannual basis.

(3) Net debt/EBITDA estimate post KMG EP transaction is 2.2x.

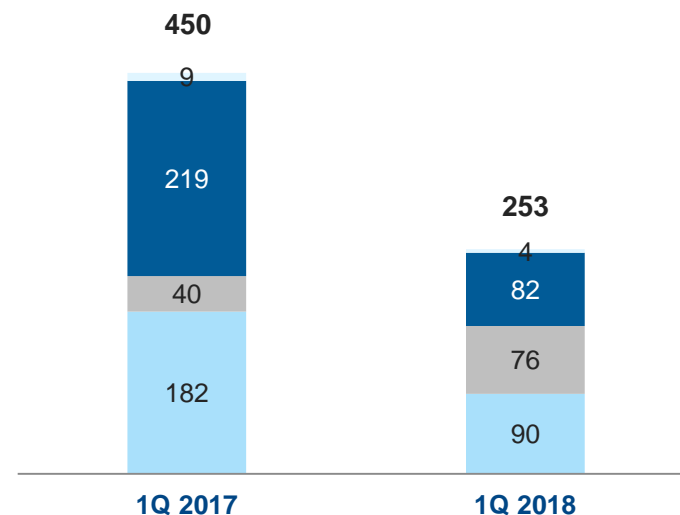
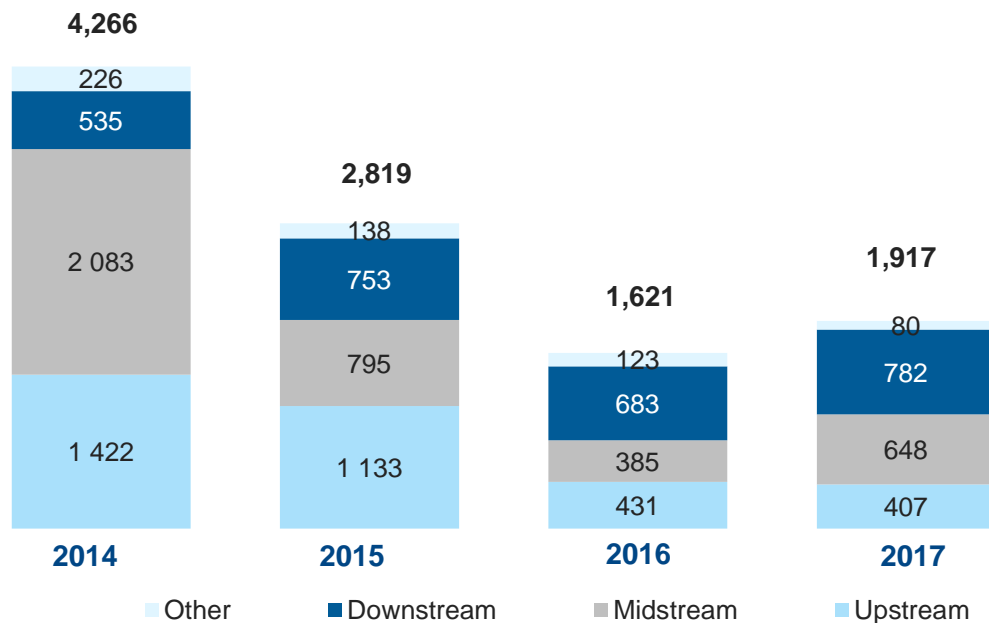
Prepayments overview

| Item | Unit | YE2016 | YE2017 | 1Q 2018 |
|--|----------|--------|--------|---------|
| Prepayments for TCO crude oil deliveries | US\$ mln | 3,000 | 2,750 | 2,750 |
| Prepayments for Kashagan crude oil deliveries ⁽¹⁾ | US\$ mln | 1,000 | 1,600 | 1,600 |

- In accordance with an amendment of oil supply agreement signed in December 2017, KMG Group received an additional two tranches of prepayments in January and April 2018 in the amount of US\$ 250 mln each.
- Simultaneously, during 1Q 2018 KMG Group has partially settled the prepayments by oil supply in the amount of US\$ 250 mln.

Capex overview

Historical capex (US\$ mln⁽¹⁾)



Key investment projects in 2018

- Completion of Shymkent refinery modernisation.
- KMG EP production support and volume increase capex.
- Construction of three compressor stations on the Beineu-Bozoi-Shymkent Gas Pipeline

(1) Cash capex outflows as per CFS are equal to US\$ 266 mln

Source: Company data

Appendix



Interim condensed consolidated balance sheet

| | (000s of KZT) | |
|--|-----------------------|------------------------|
| | as at 31 March 2018 | as at 31 December 2017 |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 3,355,925,052 | 3,359,094,790 |
| Exploration and evaluation assets | 254,001,798 | 253,326,100 |
| Investment property | 27,249,763 | 27,423,225 |
| Intangible assets | 114,232,674 | 115,431,414 |
| Long-term bank deposits | 48,250,265 | 48,523,034 |
| Investments in joint ventures and associates | 3,822,510,154 | 3,810,351,341 |
| Deferred income tax assets | 51,435,630 | 65,135,777 |
| VAT receivable | 102,056,208 | 96,666,045 |
| Advances for non-current assets | 157,560,802 | 124,906,942 |
| Loans and receivables due from related parties | 659,659,504 | 672,448,689 |
| Other financial assets | 4,416,255 | 4,161,312 |
| Other non-current assets | 13,368,596 | 14,027,609 |
| Total non-current assets | 8,610,666,701 | 8,591,496,278 |
| Current assets | | |
| Inventory | 113,556,413 | 108,897,355 |
| VAT receivable | 54,593,329 | 68,245,090 |
| Income tax prepaid | 42,880,007 | 35,586,296 |
| Trade accounts receivable | 289,853,934 | 306,324,631 |
| Short-term bank deposits | 1,068,087,947 | 1,638,940,642 |
| Loans receivable due from related parties | 159,964,952 | 169,501,500 |
| Other current assets | 124,598,328 | 167,916,249 |
| Cash and cash equivalents | 1,126,674,164 | 1,190,156,359 |
| Total current assets | 2,980,209,074 | 3,685,568,122 |
| Assets classified as held for sale | 1,097,236,689 | 1,111,688,937 |
| | 4,077,445,763 | 4,797,257,059 |
| Total assets | 12,688,112,464 | 13,388,753,337 |

Interim condensed consolidated balance sheet (cont'd)

| | (000s of KZT) | |
|---|-----------------------|------------------------|
| | as at 31 March 2018 | as at 31 December 2017 |
| Equity | | |
| Share capital | 709,344,505 | 709,344,505 |
| Additional paid-in capital | 247,855,174 | 243,876,410 |
| Other equity | 83,185 | 83,185 |
| Currency translation reserve | 1,196,371,717 | 1,298,442,284 |
| Retained earnings | 3,769,055,412 | 3,500,635,709 |
| Attributable to equity holder of the Parent Company | 5,922,709,993 | 5,752,382,093 |
| Non-controlling interest | 171,385,082 | 870,017,901 |
| Total equity | 6,094,095,075 | 6,622,399,994 |
| Non-current liabilities | | |
| Borrowings | 3,249,486,582 | 3,399,487,735 |
| Provisions | 152,423,910 | 150,638,244 |
| Deferred income tax liabilities | 312,831,545 | 312,013,046 |
| Financial guarantee | 11,204,645 | 10,767,166 |
| Prepayment on oil supply agreements | 557,042,501 | 581,577,501 |
| Other non-current liabilities | 49,129,693 | 46,270,628 |
| Total non-current liabilities | 4,332,118,876 | 4,500,754,320 |
| Current liabilities | | |
| Borrowings | 781,829,072 | 763,955,792 |
| Provisions | 80,963,393 | 78,812,199 |
| Income tax payable | 7,363,950 | 7,705,079 |
| Trade accounts payable | 310,605,936 | 325,120,176 |
| Other taxes payable | 72,899,374 | 79,168,191 |
| Financial guarantee | 1,486,307 | 1,170,697 |
| Prepayment on oil supply agreements | 318,310,000 | 332,330,000 |
| Other current liabilities | 146,347,204 | 144,405,371 |
| Total current liabilities | 1,719,805,236 | 1,732,667,505 |
| Liabilities directly associated with assets classified as held for sale | 542,093,277 | 532,931,518 |
| Total liabilities | 6,594,017,389 | 6,766,353,343 |
| Total equity and liabilities | 12,688,112,464 | 13,388,753,337 |



Interim condensed consolidated income statement

| | (000s of KZT) | |
|---|---------------|---------------|
| | 3M 2018 | 3M 2017 |
| Revenue | 783,699,724 | 591,899,889 |
| Cost of sales | (796,554,354) | (509,959,100) |
| Gross profit | (12,854,630) | 81,940,789 |
| General and administrative expenses | (32,002,103) | (22,904,337) |
| Transportation and selling expenses | (80,195,308) | (67,333,646) |
| Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets, other than goodwill | (387,732) | (141,767) |
| Loss on disposal of property, plant and equipment, intangible assets and investment property, net | (2,697,586) | (343,485) |
| Other operating income | 8,023,775 | 3,217,567 |
| Other operating expenses | (7,179,156) | (3,562,718) |
| Operating loss | (127,292,740) | (9,127,597) |
| Net foreign exchange gain loss | (21,374,249) | (25,638,227) |
| Finance income | 29,970,847 | 27,307,576 |
| Finance cost | (77,233,388) | (59,678,146) |
| Reversal/ (impairment) of investments in joint ventures | - | 14,686,162 |
| Share in profit of joint ventures and associates, net | 164,694,513 | 85,915,207 |
| (Loss)/ Profit before income tax | (31,235,017) | 33,464,975 |
| Corporate income tax | (41,150,287) | (32,861,097) |
| Loss for the year from continuing operations | (72,385,304) | 603,878 |
| Profit after income tax for the period from discontinued operations | 276,470,838 | 102,358,682 |
| Net profit for the period attributable to: | 204,085,534 | 102,962,560 |
| Equity holders of the Parent Company | 200,858,316 | 102,301,370 |
| Non-controlling interests | 3,227,218 | 661,190 |
| | 204,085,534 | 102,962,560 |

Interim condensed consolidated income statement (cont'd)

| | (000s of KZT) | |
|--|----------------------|----------------------|
| | 3M 2018 | 3M 2017 |
| Other comprehensive loss | | |
| Other comprehensive loss to be reclassified to profit or loss in subsequent periods | | |
| Exchange differences on translation of foreign operations | (105,020,918) | (131,285,773) |
| Other comprehensive loss to be reclassified to profit or loss in subsequent periods | (105,020,918) | (131,285,773) |
| Other comprehensive loss not to be reclassified to profit or loss in subsequent periods | | |
| Actuarial loss on defined benefit plans of joint ventures | 148,877 | (150,239) |
| Other comprehensive (loss)/ income not to be reclassified to profit or loss in subsequent periods | 148,877 | (150,239) |
| Other comprehensive loss for the year | (104,872,041) | (131,436,012) |
| Total comprehensive income for the year, net of tax | 99,213,493 | (28,473,452) |
| Total comprehensive income for the period attributable to: | | |
| Equity holders of the Parent Company | 98,936,626 | (15,420,127) |
| Non-controlling interests | 276,867 | (13,053,325) |
| | 99,213,493 | (28,473,452) |

Interim condensed consolidated statement of cash flows

| | (000s of KZT) | |
|---|--------------------|----------------------|
| | 3M 2018 | 3M 2017 |
| Cash flows from operating activities | | |
| Receipts from customers | 1,533,252,356 | 1,257,275,581 |
| Payments to suppliers | (993,645,472) | (799,071,364) |
| Other taxes and payments | (258,057,918) | (160,318,810) |
| Income taxes paid | (31,993,777) | (25,929,236) |
| Interest received | 36,875,214 | 20,967,959 |
| Interest paid | (39,099,313) | (25,368,122) |
| Payments to employees | (92,724,143) | (81,029,798) |
| Other payments | (22,895,937) | (27,231,950) |
| Net cash flow from operating activities | 131,711,010 | 159,294,260 |
| Cash flow from investing activities | | |
| Withdrawal/(placement) of bank deposits, net | 493,527,048 | (449,142,337) |
| Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets | (86,188,213) | (87,932,130) |
| Proceeds from sale of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets | 1,169,269 | 369,722 |
| Dividends received from joint ventures and associates | 15,295,854 | 3,112,785 |
| Acquisition of and contribution to joint ventures | (111) | (2,625) |
| Repayment of loan due from related parties | 126 | 376,569 |
| Repayment of debt securities | 12,443 | - |
| Loans given to related parties | (5,905,912) | (5,223,208) |
| Net cash flow used in investing activities | 417,910,504 | (538,441,224) |

Interim condensed consolidated statement of cash flows

| | (000s of KZT) | |
|---|----------------------|----------------------|
| | 3M 2018 | 3M 2017 |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 58,311,083 | 41,072,252 |
| Repayment of borrowings | (52,572,064) | (70,228,974) |
| Dividends paid to Samruk-Kazyna and national Bank of RK | (1,371) | - |
| Dividends paid to non-controlling interests | (92,845) | (27,614) |
| Share buyback by subsidiary | (618,308,436) | - |
| Issue of shares | - | 1 |
| Net cash flow used in financing activities | (612,663,633) | (29,184,335) |
| Effects of exchange rate changes on cash and cash equivalents | (40,602,100) | (26,031,433) |
| Changes in allowance of impairment | (19,725) | - |
| Net change in cash and cash equivalents | (103,663,944) | (434,362,732) |
| Cash and cash equivalents, at the beginning of the period | 1,266,604,815 | 905,452,511 |
| Cash and cash equivalents, at the end of the period | 1,162,940,871 | 471,089,779 |

(1) The Group changed method of presentation of consolidated cash flow statement
Source: Consolidated financial statements for the six months ended 30 September 2017

Interim condensed consolidated statement of cash flows (indirect) (not part of financial statements)

| | (000s of KZT) | |
|---|--------------------|--------------------|
| | 3M 2018 | 3M 2017 |
| Cash flows from operating activities | | |
| Profit before income tax from continuing operations | (31,235,017) | 33,464,975 |
| Profit before income tax from discontinued operations | 276,339,316 | 101,903,577 |
| Profit before income tax | 245,104,299 | 135,368,552 |
| Adjustments for: | | |
| Depreciation, depletion and amortization | 53,333,071 | 48,594,470 |
| Depreciation, depletion and amortization from discontinued operation | 13,547,122 | 13,946,998 |
| Share in profit of joint ventures and associates, net | (164,694,513) | (85,915,207) |
| Share in profit of joint ventures and associates from discontinued operation, net | - | (221,105) |
| Finance costs | 77,233,388 | 59,678,146 |
| Finance costs from discontinued operation | 3,066,370 | 2,582,589 |
| Finance income | (29,970,847) | (27,307,576) |
| Finance income from discontinued operation | (357,887) | (335,754) |
| Unrealized gain/(losses) from derivatives on petroleum products | (228,645) | (386,472) |
| Realized gain from derivatives on petroleum products | 1,655,596 | (150,880) |
| Loss on disposal of property, plant and equipment, intangible assets and investment property, net | 2,697,586 | 343,485 |
| Impairment of property, plant and equipment, intangible assets | 387,732 | 141,767 |
| Impairment of property, plant and equipment, intangible assets from discontinued operation | 545,800 | - |
| Adjustment on the re-measurement to fair value less costs to sell | 125,414 | (484,447) |
| Impairment of investments in joint ventures | - | (14,686,162) |
| Impairment of VAT recoverable | (27,290) | - |
| Revenue under oil supply agreement (settlement of the advances) | (80,787,667) | - |
| Provisions | 3,598,090 | (1,687,031) |
| Allowance for impairment of trade accounts receivable and other current and non-current assets | 233,838 | (205,322) |

(1) The Group changed method of presentation of consolidated cash flow statement



Interim condensed consolidated statement of cash flows (indirect) (not part of financial statements)

| | (000s of KZT) | |
|--|--------------------|--------------------|
| | 3M 2018 | 3M 2017 |
| Allowance for impairment of trade accounts receivable and other current assets from discontinued operation | 326,287 | 325,438 |
| (Reversal)/ Provision for obsolete and slow-moving inventories | (35,862) | 512,421 |
| Provision for obsolete and slow-moving inventories from discontinued operation | 181,345 | 180,873 |
| Recognition of share based payments | - | (4,295) |
| Unrealized foreign exchange gain | 58,926,312 | 32,748,346 |
| Operating profit before working capital changes | 184,859,539 | 163,038,834 |
| Change in inventory | (5,991,662) | 8,712,043 |
| Change in VAT receivable | 8,247,183 | (12,681,515) |
| Change in trade accounts receivable and other assets | (91,450,619) | 30,142,409 |
| Change in other taxes payable | (1,650,921) | 12,979,483 |
| Change in trade accounts payable | (5,544,533) | (12,144,080) |
| Change in advances under oil supply agreement | 80,690,146 | - |
| Change in other liabilities | (3,278,122) | (495,989) |
| Cash generated from operations | 165,881,011 | 189,551,185 |
| Cash received from derivatives, net | 47,874 | 72,474 |
| Income taxes paid | (31,993,777) | (25,929,236) |
| Interest received | 36,875,214 | 20,967,959 |
| Interest paid | (39,099,313) | (25,368,122) |
| Net cash flow from operating activities | 131,711,009 | 159,294,260 |

Interim condensed consolidated statement of cash flows (indirect) (not part of financial statements)

| | (000s of KZT) | |
|---|----------------------|----------------------|
| | 3M 2018 | 3M 2017 |
| Cash flows from investing activities | | |
| Withdrawal of bank deposits, net | 493,527,048 | (449,142,337) |
| Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets | (86,188,213) | (87,932,130) |
| Proceeds from sale of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets | 1,169,269 | 369,722 |
| Dividends received from joint ventures and associates | 15,295,854 | 3,112,785 |
| Acquisition of and contribution to joint ventures | (111) | (2,625) |
| Repayments of bonds | 12,443 | - |
| Loans given to related parties | (5,905,911) | (4,846,639) |
| Repayment of loans and receivable due from related parties | 126 | - |
| Net cash flow from / (used in) investing activities | 417,910,505 | (538,441,224) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 58,311,083 | 41,072,252 |
| Repayment of borrowings | (52,572,064) | (70,228,974) |
| Dividends paid to Samruk-Kazyna and National Bank of RK | (1,371) | - |
| Dividends paid to non-controlling interests | (92,846) | (27,614) |
| Acquisition of non-controlling interest | (618,308,435) | - |
| Issue of shares | - | 1 |
| Net cash flow used in financing activities | (612,663,633) | (29,184,335) |
| Effects of exchange rate changes on cash and cash equivalents | (40,602,100) | (26,031,433) |
| Changes in allowance of impairment | (19,727) | - |
| Net change in cash and cash equivalents | (103,663,945) | (434,362,732) |
| Cash and cash equivalents at the beginning of the year | 1,266,604,815 | 905,452,511 |
| Cash and cash equivalents at the end of the year | 1,162,940,870 | 471,089,779 |

(1) The Group changed method of presentation of consolidated cash flow statement

Abbreviations list

| | |
|---|---|
| AG – Amangeldy gas | KTM - Kazakhturkmunai LLP |
| AGP – Asia gas pipeline | KTO – JSC KazTransOil |
| bbl – barrel | KZT –Tenge (national currency) |
| bcm – billion cubic meters | LPG – liquefied petroleum gas |
| bln – billion | mcm – million cubic meters |
| BSGP – Beineu-Shymkent gas pipeline | MET - mineral extraction tax |
| Caspi – JSC “Caspi Bitum JV” | mln - million |
| CCEL – CITIC Canada Energy Limited (JSC Karazhanbasmunai) | MMG – JSC Mangystaumunaigaz |
| CEFC - China Energy Company Limited | mt – million tonnes |
| CIS - Commonwealth of Independent States | MunayTas – JSC MunayTas North-West Pipeline Company |
| CPC - Caspian pipeline consortium | KMG – KazMunayGas Group |
| DD&A - Depreciation, depletion and amortisation | NCOC – North Caspian Operating Company N.V. |
| EMG – JSC EmbaMunaiGas | OMG – JSC OzenMunaiGas |
| ICA – JSC Intergas Central Asia | PKKR – JSC PetroKazakhstan Kumkol Resources |
| JV - Joint Venture | PKOP – PetroKazakhstan Oil Products LLP |
| KazGPZ – Kazakhstan gas production plant | PSA - Purchase-sale agreement |
| KCP – Kazakhstan-China pipeline | TCO – Tengizchevroil LLP |
| KCP - Kazakhstan-China Pipeline LLP | TP - JSC Turgai Petroleum |
| KGM – JV Kazgermunai LLP | US\$ - US dollars |
| KMG EP - JSC KazMunayGas Exploration Production | |
| KMG I – KMG International | |
| KMG RM - JSC KazMunayGas Refinery and Marketing | |
| KOA - Kazakhoil Aktobe LLP | |
| KPO - Karachaganak Petroleum Operating B.V. | |
| kt – thousand tonnes | |
| KTG – JSC KazTransGas | |